

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 AID-05 CIAE-00 INR-07 NSAE-00

COME-00 L-03 TRSE-00 OPIC-03 CIEP-01 /037 W

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R 192140Z JUN 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 1578

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E. O. 11652: N/A

TAGS: EINV, AR

SUBJECT: STANDARD ELECTRIC/ITT

REF: BUENOS AIRES 2348

1. STANDARD ELECTRIC (CSEA), ACCORDING TO ITS PRESIDENT, GABRIELLONI, WILL INSTITUTE LEGAL PROCEEDINGS JUNE 19 AGAINST ENTEL FOR DAMAGES RESULTING FROM CANCELLATION OF ENTEL/CSEA CONTRACT. ACCORDING TO GABRIELLONI, WHO CALLED AT EMBASSY JUNE 18, COMMISSION WHICH WAS TO WORK OUT RECOMMENDED SETTLEMENT FOR CSEA AND SIEMENS PROBLEMS SUBMITTED REPORT TO GOA ON JUNE 3. REPORT, HOWEVER, WAS DISAPPOINTING AND NOT ACCEPTABLE TO CSEA SINCE IT PRESCRIBED NO ACTION WHICH WOULD RESULT IN CASH PAYMENTS TO CSEA OR RESTORE WORK FLOW IN ITS PLANT. INSTEAD, COMMISSION RECOMMENDED THAT GOA APPOINT NEW COMMISSION WITH AUTHORITY TO ACTUALLY CARRY OUT NEGOTIATIONS AND ACCOMPLISH CHANGES IN CSEA AND SIEMENS STATUS, NOT JUST MAKE RECOMMENDATION.

2. IN A MEETING THE WEEK OF JUNE 9 BETWEEN COMMISSION CHAIRMAN MALATO, PRESIDENT PERON, AND CABINET MEMBERS, MALATO HAD ARGUED (ACCORDING TO GABRIELLONI) THAT CSEA BE "ARGENTINIZED" THROUGH THE PURCHASE BY A GOA AGENCY OF 51 PERCENT OF SHARES WITH PAYMENT TO BE MADE IN GOA EXTERNAL BONDS AND WITH THE CONDITION THAT THE PROCEEDS BE RE-INVESTED IN ARGENTINA. ALSO, A CONTRACT FOR TECHNICAL SERVICES

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WOULD BE NEGOTIATED BETWEEN CSEA AND ENTEL (OR THE ECONOMICS

MINISTRY).

3. CSEA SEES LITTLE OR NO HOPE OF PROMPT AND CONSTRUCTIVE ACTION BY THE GOVERNMENT, THERE IS A JUNE 25 DEADLINE FOR THE FILING OF THE SUIT, AND GABRIELLONI DECIDED THAT THIS ACTION SHOULD BE TAKEN IN BEST INTERETS OF CSEA AND ITT. HE ADDS THAT FILING DID NOT SPECIFY AMOUNT FOR WHICH CLAIM MADE, THAT THERE IS 90-DAY PERIOD DURING WHICH CSEA CAN SPECIFY AMOUNT, OR THEY COULD ALSO BREAK OFF SUIT IF EVENTS TOOK DIFFERENT TURN. GABRIELLONI LEAVING FOR US JUNE 19 AND WE EXPECT THAT HE OR ITT OFFICIALS WILL BE IN TOUCH WITH DEPT. ON THESE DEVELOPMENTS.  
MONTLLOR

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LITIGATION, FOREIGN INVESTMENTS, SUBSIDIARIES, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** woolflhd  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Subject:** STANDARD ELECTRIC/ITT  
**TAGS:** EINV, BDIS, AR, US, ITT, STANDARD ELECTRIC, CSEA, (GABRIELLONI)  
**To:** STATE  
**Type:** TE  
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